

FinSer Investment Advisors, Inc.
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June 30, 2019

Vincent E. Myers Chairman/President

This brochure provides information about the qualifications and business practices of FinSer Investment Advisors, Inc. (FIA). If you have any questions about the contents of this brochure, please contact us at the phone number above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Being registered as an Investment Advisor or a Registered Investment Advisor (RIA) does not imply a certain level of skill or training.

Additional information about FinSer Investment Advisors, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

- There have been no material changes in FinSer Investment Advisors, Inc.'s policies, practices or conflicts of interest during the recent fiscal year or since this brochure was last updated.

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Advisory Business

FinSer Investment Advisors, Inc. (FIA) is a corporation formed in December 2006 under the rules of the State of Texas and is registered with the Securities and Exchange Commission as an investment adviser. FIA is 100% owned by Fred Baker & Associates, Inc., a domestic entity and not a public reporting company under Section 12 or 15 (d) of the Exchange Act.

<u>Full Legal Name</u>	<u>Title or Status</u>	<u>Tax I.D. or CRD #</u>
FinSer Investment Advisors, Inc.	Company	142570 SEC# 801-67528
Vincent Edward Myers	Chairman/President/ Chief Compliance Officer	871153
Carla Jane Baker	Director	N/A
Matt Holmes	Director	N/A

FinSer Investment Advisors, Inc. offers personalized investment advisory services to banks and thrift institutions. The type and amount of securities utilized are restricted by Part I of Title 12, Code of Federal Regulations (CFR). Type and amount of securities may be further constrained by Client's Funds Management or Investment Policy. Additionally, suggested investments and executed trades will be made: (1) to conform to and complement the Client's Asset/Liability Committee's (ALCO) strategic plan and (2) to enhance, not impair, the Client's primary and secondary liquidity. All security transactions are non-discretionary and the final investment decision ALWAYS rests with the Client's Designated Investment Officer. All transactions will be "delivery versus pay" at the Client's designated clearing and safekeeping entity.

FinSer Investment Advisors, Inc. does not participate in wrap fee programs for providing portfolio management services.

All assets managed by FIA are on a non-discretionary basis. As of June 30, 2019, Client Assets Under Management (AUM) was \$953,567,556 as measured by the par value of securities holdings reported by the Clients' investment reporting system. The method for determining AUM is the same method FIA utilizes as the basis for calculating fees and compensation.

Fees and Compensation

Clients will be charged a fee for asset management services, which is billed monthly in arrears, and is established annually based on the par value of the assets managed. In the event the asset management service commences at any time other than the first day of the month, fees will be assessed on a pro rata basis. FIA will directly invoice Clients each month for investment advisory services. FIA's fees for the succeeding year are based upon 0.02% (2 basis points) assessment on the par value of investment assets on the anniversary date. Alternately, FIA, at its sole discretion, may charge a minimum fee of up to \$500 per month if the calculated asset based fee is less \$500. Additionally, a clearing charge of \$30 per trade will be assessed to all accounts and billed along with the above stated monthly fees.

The Firm uses and plans to continue to use the trade execution and clearing facilities of SAMCO Capital Markets, Inc. (SAMCO), a NASD member broker/dealer. Mr. Myers, President of FIA, is separately licensed as a registered representative of SAMCO. Mr. Myers and FIA receive no compensation from SAMCO for investment advisory business or services. Rather, the Firm is billed by SAMCO quarterly for trade execution and clearing (\$30, which is passed on to the Clients) on a per transaction basis. Clients do have the option to purchase securities recommended by FIA through other brokers or agents not affiliated with FIA.

Performance Based Fees

FinSer Investment Advisors, Inc. does not charge performance-based fees nor has any supervised person who manages an account that pays such fees.

Types of Clients

FIA only offers and performs advisory services to banks and thrift institutions.

Methods of Analysis, Investment Strategy and Risk of Loss

In terms of asset mix and portfolio construction, FIA's goal is: (1) to conform to and complement the individual Client's ALCO's strategic plan and (2) to enhance the Client's primary and secondary liquidity. The general characterization of the portfolio may be classic ladder portfolio, where level cash flows are the objective, or classic barbell, short-term liquid instruments and longer-term higher yielding instruments, or a hybrid of the two, depending upon the risk profile of the institution in conjunction with its interest rate exposure. The types of securities utilized in the construction of the portfolio are restricted to securities that are in compliance with the Client's Funds Management or Investment Policy and with Part I of Title 12, Code of Federal Regulations as applied to acceptable investments for banks. Generally, these are Treasury securities, Government Sponsored Enterprise (GSE) securities, GSE-guaranteed mortgage-backed securities and municipal bonds.

While the securities are generally considered as "high grades," the effect of unforeseen events on financial operations could subject the issuers to a ratings downgrade and a potential market loss on their debt obligations. The market value of the investments will vary over time, primarily in response to changes in prevailing interest rates. If the Clients sell any of the investments when the market value is low, they may experience significant losses. On mortgage-backed securities (mbs), prepayments can reduce the yield if:

- The mbs are bought at a premium over their principal amount and principal payments are faster than expected, or
- The mbs are purchased at a discount to their principal amount and principal payments are slower than expected.

In aiding the development of the Client's investment strategies and monitoring its performance, FIA uses a variety of fundamental economic and interest rate information from a variety of sources including financial media, economic data and publicly available research. Additionally, FIA puts a heavy reliance on the Client's interest rate risk model and simulation results.

Disciplinary Information

Neither the Firm (FIA) nor any person affiliated with FIA have:

- A. Been involved in any criminal or civil action in a domestic or military court of competent jurisdiction;

- B. Been part of any administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority; or
- C. Been part of or involved in any self-regulatory organization (SRO) proceeding.

Other Financial Industry Activities and Affiliations

As disclosed in the Fees and Compensation section, Mr. Myers, Chairman and President of FIA, is a separately licensed, registered representative of SAMCO Capital Markets, Inc., a NASD member broker/dealer. Mr. Myers is also a senior executive of FinSer Corporation. FinSer Corporation provides consulting, service bureau, and investment portfolio reporting software to financial institutions. These services and products assist financial institutions in the management of the institution's balance sheet, investment portfolio, interest rate risk and in meeting regulatory requirements. Mr. Myers spends approximately 30% of his time on the activities of FinSer Corporation. FIA expects that Clients to whom it offers advisory services may also be Clients for whom FinSer Corporation offers business services. Clients are instructed that the fees paid to FIA for advisory services are separate and distinct from fees paid to FinSer Corporation.

Code of Ethics, Participation or Interest in Client Transaction and Personal Trading

FinSer Investment Advisors, Inc. adopted a Code of Ethics at its incorporating meeting. The general gist of FIA's Code is that the Firm is a fiduciary for its investment advisory Clients. Because of this fiduciary relationship, it is generally improper for FIA or its employees to:

1. use for their own benefit (or the benefit of anyone other than the Client) information about FIA's trading or recommendations for Client accounts; or
2. take advantage of investment opportunities that would otherwise be available for FIA's Clients.

Also, as a matter of business policy, the Firm wants to avoid even the appearance that FIA, its employees or others receive any improper benefit from information about Client trading or accounts or from our relationships with our Clients or with the brokerage community. Personal transactions in securities by FIA employees or associated persons

must be accomplished so as to avoid even the appearance of a conflict of interest on the part of such personnel with interests of FIA's Clients. Likewise, employees and associated persons must avoid actions or activities that allow (or appear to allow) a person to profit or benefit from his or her position with FIA at the expense of Clients or that would otherwise bring into question the person's judgment.

The Code also addresses Client transactions that must be adhered to by employees and associated persons. Clients must always receive the best price, in relation to employees, on same day transactions. Employees of FIA must first give priority on all purchases and sales of securities to the Firm's Clients, prior to the execution of transaction for their proprietary accounts, and personal trading must be conducted so as not to conflict with the interest of a Client. While the scope of such actions cannot be exactly defined, they would always include each of the following prohibited situations:

- A. contemporaneously purchasing the same securities as a Client without making an equitable allocation of the securities to the Client first, on the basis of such considerations as available capital and current positions, and then to the account of the employee;
- B. knowingly purchasing or selling securities, directly or indirectly, in such a way as to personally injure a Client's transactions;
- C. using knowledge of securities transactions by a Client to profit personally, directly or indirectly, by the market effect of such transactions; and
- D. giving to any person information not generally available to the public about contemplated, proposed or current purchases or sales of securities by or for a Client account, except to the extent necessary to effectuate such transactions.

Brokerage Practices

Generally, FIA will recommend that securities will be purchased or sold through the facilities of SAMCO Capital Markets, among others. Through the facilities of SAMCO, FIA is able to utilize electronic trading platforms for Treasuries and certain Agency securities to affect the best trade for the Client through competitive offers and/or bids. FIA does not receive any compensation or soft dollar benefits by using SAMCO. In fact, FIA pays a fee to SAMCO for trade execution based upon the maturity date of the security. Besides trade execution, the fee includes clearing and a transaction fee, which is passed on to the Client. FIA pays SAMCO quarterly, based upon the number of transactions and specific security maturities transacted during that calendar quarter. It is in the opinion of FIA that the relatively low cost of this service represents value to the Firm and the Client.

In some instances, FIA will recommend the Client execute a trade through another broker/dealer. These instances have been and are expected to continue to be in the primary municipal market. By recommending that the Client place orders directly with the manager of the underwriting syndicate, the Client enhances the probability of getting the order filled. It also allows the Client to avoid a transaction fee, should the order be routed through SAMCO. FIA receives no compensation or soft dollar benefit for advising the Client to directly place its order to the broker/dealer acting as manager or member of the underwriting syndicate.

There have been instances, and may be in the future, of a municipal underwriting in which SAMCO Capital Markets is either syndicate manager or member and the Client has an interest in purchasing/placing an order. In those instances, full disclosure is made to the Client advising them of FIA's principal being a registered representative. Only after acknowledgement of said disclosure and approval of Client will FIA enter an order with SAMCO. The orders are entered as "at net with benefit to the account." Neither FIA nor its principal will receive any compensation or soft dollar benefit for such orders. Generally, the Firm will aggregate orders with respect to a security if such aggregation is consistent with achieving best execution for the various Client accounts. When orders are aggregated, each participating account receives the average price for the transaction and bears a proportionate share of all transaction costs, based upon each account's participation in the transaction, subject to market conditions and the duty to achieve best execution for Client accounts.

Clients also may utilize the broker/dealer of their choice and have no obligation to purchase or sell securities through such broker as the Firm recommends.

Review of Accounts

Clients' portfolio holdings are reviewed monthly upon receipt of a copy of the Investment Portfolio Report. This review is performed by Mr. Myers, FIA Chairman and President.

Additionally, Mr. Myers also reviews the Executive Summary of Clients' Asset/Liability Management Analysis Report. The frequency of this review is dictated by the frequency the Client has contracted to receive the report, either monthly or quarterly.

FIA does not currently provide, and has no plans to provide, regular reports to Clients regarding their accounts other than monthly billing invoices and annual disclosures as required by the Investment Advisers Act of 1940, Rule 204-3.

Client Referrals and Other Compensation

FIA receives no economic benefit or compensation from any natural person or company who is not a Client for providing investment advice or any advisory service to our Clients. Related persons do receive compensation from FinSer Corporation.

FIA and no related person directly or indirectly compensates any person or supervised person for Client referrals.

Custody

FIA shall never have custody of any Client funds or securities. Clients will utilize their own designated, qualified and independent custodian.

Investment Discretion

FIA provides non-discretionary fixed income asset management and must receive authorization from the Clients' designated Investment Officer prior to executing any transactions.

Voting Client Securities

FIA does not vote Client proxies. Client should receive proxy material directly from the custodian safekeeping the Client's securities. In the event FIA receives proxy material on behalf of Client, FIA will promptly forward such material to the Client's attention. It is the Client's responsibility to vote its proxy(ies).

Financial Information

June 30, 2019 Financial Statement begins on page 8.

Other Information on page 14.

Independent Accountants' Review Report

The Board of Directors
FinSer Investment Advisors, Inc.
San Antonio, Texas

We have reviewed the accompanying financial statements of FinSer Investment Advisors, Inc., which comprise the balance sheet as of June 30, 2019, and the related statements of income and retained earnings and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Brehm Havel & Company, LLP
Brehm Havel and Company, L.L.P.
Certified Public Accountants

San Antonio, TX
August 16, 2019

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FINSER INVESTMENT ADVISORS, INC.

BALANCE SHEET

June 30, 2019

ASSETS

Current assets:

Cash and cash equivalents	\$ 52,094
Accounts receivable - trade (no allowance)	16,273
Due from related party	<u>245,605</u>
	<u>\$ 313,972</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Current liabilities:

Accounts payable - trade	\$ 5,850
Total current liabilities	<u>5,850</u>

Stockholder's equity:

Common stock, no par value; 10,000 shares authorized; issued and outstanding	200,000
Retained earnings	<u>108,122</u>
Stockholder's equity	<u>308,122</u>
	<u>\$ 313,972</u>

See accompanying notes and independent accountants' review report

FINSER INVESTMENT ADVISORS, INC.

STATEMENT OF INCOME AND RETAINED EARNINGS

For The Year Ended June 30, 2019

Revenue:	
Fee revenue	<u>\$ 182,617</u>
Expenses:	
Salaries and related expenses	61,789
Occupancy and equipment costs	9,882
Communications and marketing	49,438
Other	<u>11,072</u>
	<u>132,181</u>
Income before income tax	50,436
Income tax	<u>(10,592)</u>
Net income	39,844
Dividends	-
Retained earnings - July 1, 2018	<u>68,278</u>
Retained earnings - June 30, 2019	<u><u>\$ 108,122</u></u>

See accompanying notes and independent accountants' review report

FINSER INVESTMENT ADVISORS, INC.

STATEMENT OF CASH FLOWS

For The Year Ended June 30, 2019

Cash flows from operating activities:	
Net income	\$ 39,844
Noncash items included in net income:	
Effect of changes in operating working capital:	
Trade and other receivables	(1,484)
Accounts payable	<u>4,200</u>
Net cash provided by operating activities	42,560
Cash flows from investing activities:	
Due from related party	(33,299)
Cash flows from financing activities:	
Dividends	<u>-</u>
Net increase in cash	9,261
Cash and cash equivalents, July 1, 2018	<u>42,833</u>
Cash and cash equivalents, June 30, 2019	<u>\$ 52,094</u>
Schedule of supplemental cash flow information:	
Cash paid during the year for:	
Interest	\$ -
Income taxes	\$ -

See accompanying notes and independent accountants' review report

FINSER INVESTMENT ADVISORS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company is an investment advisory company registered with the Securities and Exchange Commission that provides investment strategies, trade execution, and other advice to financial institutions to complement their existing investment policies.

Income Taxes - The Company is included in a consolidated income tax return with Fred Baker & Associates, Inc. (parent company). The Company's income taxes are essentially calculated as if the Company was filing a separate return.

Cash Equivalents - Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures, accordingly, actual results could differ from those estimates.

Presentation of Sales Tax - The state of Texas and other local governments impose a sales tax of 8.25% on all of the Company's sales to non exempt customers. The Company collects that sales tax from customers and remits the entire amount to the State. The Company's accounting policy is to exclude the tax collected and remitted to the State from revenue and cost of sales.

Advertising - Advertising costs are expensed as incurred. Advertising expense was \$1,139 for the period ended June 30, 2019.

2 CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the Company to concentration of credit risk consist principally of trade receivables. The majority of the Company's customers and clients consist of banking institutions in the United States. The receivables are generally not collateralized.

3 GROUP MEDICAL COINSURANCE

The Company maintains a group medical coinsurance plan with an insurance company. The company pays monthly premiums for administration of the plan and to cover medical claims of the employees when they exceed a predetermined amount. The company pays the medical claims, less a deductible, prior to reaching the predetermined limit. For the plan year beginning January 1, 2019, the predetermined limit is \$40,000 per individual. Actual medical claims incurred by employees have been recorded by the company through June 30, 2019. No other contingent amount related to medical claims has been recorded.

4 PROFIT SHARING PLAN

The Company previously established a Salary Reduction Profit Sharing Plan. Employees may contribute compensation through salary reductions. The Company may, at the discretion of the Board of Directors, match employee contributions up to 6% of compensation. The Board elected to match 100% of the first \$500 and 50% of the next \$500 of employee contributions. The Company's matching share of the contribution was \$444 for the year ended June 30, 2019.

FINSER INVESTMENT ADVISORS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

5 SUBSEQUENT EVENTS AND ACCOUNTING STANDARDS CODIFICATION

The Company evaluates subsequent events in accordance with ASC Topic No. 855, Subsequent Events (formally SFAS No. 165). The guidance requires an entity to disclose the date through which subsequent events have been evaluated, as well as whether that date is the date the financial statements were issued or the date the financial statements were available to be issued. In preparing these financials, the Company has evaluated events and transactions for potential recognition or disclosure through August 16, 2019, which is the date the financial statements were available to be issued. (There were no significant subsequent events requiring disclosure.)

Other Information

Education and Business Background of FIA Principal

Vincent Edward Myers, CRD #871153

Year of Birth: 1948

Formal Education after High School:

- University of Texas, Austin, M.B.A., Finance, 1974
- University of Texas, Austin, B.B.A., Engineering, Business, 1972

Business Background for the Previous Five Years:

- FinSer Investment Advisors, Inc., President, 01/2007 to Present
- SAMCO Capital Markets, Inc., Municipal Securities Representative, 05/2006 to Present
- FinSer Corporation, Executive Vice President, 06/1982 to Present

As a registered representative of SAMCO Capital Markets, Mr. Myers is subject to continuing education requirements composed of two (regulatory and firm) elements at specified time elements.

Additional information including licenses obtained and employment history on Mr. Myers can be obtained by going to the website listed below and entering his name or CRD#.

<http://www.finra.org/investors/toolscalculators/brokercheck/>

Other Business Activities

Mr. Myers is also a senior executive of FinSer Corporation. FinSer Corporation provides consulting, service bureau and investment portfolio reporting software to financial institutions. These services and products assist financial institutions in the management of the institution's balance sheet, investment portfolio, interest rate risk and in meeting regulatory requirements. Mr. Myers spends approximately 30% of his time on the activities of FinSer Corporation. The Firm expects that Clients to whom it offers advisory services may also be Clients for whom FinSer Corporation offers business management services. Clients are instructed that the fees paid to the Firm for advisory services are separate and distinct from fees paid to FinSer Corporation.